Technology Procurement
- a winning method in driving innovation

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Are you interested in a new product?
Does anyone have a better product?
Technology procurement

• A policy instrument that aims at market transformation.

• The objective is to develop new products, systems or processes that meet buyers' requirements better than the products already on the market.

• Are used to promote the development of new energy-efficient technologies.
Technology procurement – a process in seven steps

1. Pre study
2. Procurement group
3. Specification
4. Bidding process
5. Evaluation of the bidding
6. Dissemination
7. Further development
Definitions

Technology procurement

Competition

Joint procurement

Prestudy
Procurement group
Demand specification
Tendering
Evaluation
Dissemination
Further development

time
Technology procurement, procurement groups – Innovation-drivers

Energy efficiency

Eco design
Laws,

Standards and labels

Green public procurement

Technology procurement

Commercialization

Demonstration

Innovation procurement

R&D

Resource efficiency

Energy efficiency

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Technology Procurement

Difficulty vs. Complexity

- Single component
- Single system
- Multiple systems
- Whole Facility (building)

Ex. Motor driven by motor
Fan driven by motor
Ventilation-and cooling
Power station whole building with services and process

more & more impact of "culture"
Permanent procurement groups

• Big advantage with permanent procurement groups as it provides a continuity in the market needs

• Encouraged and co-financed by the Swedish Energy Agency. (40/60)

• Policy instrument – corrects market failures such as:
  – Asymmetric information (problems when searching for information and knowledge, lack of technology)
  – Split incentives
Permanent procurement groups

Swedish Energy Agency

- Procurement group commercial buildings - BELOK
  Established in 2001. BELOK has 19 members all belonging to the largest premises owners in Sweden. Represents 25 percent of the premises real estate area in Sweden.

- Procurement group apartment buildings - BeBo
  Established 1989. 24 members ranging from social housing associations to public authorities and professional organizations. Represents 70 percent of the apartment building area.

- Procurement group family houses – Besmå
  Established in 2013. Members include people from house manufacturers.

- Procurement group food premises - BeLivs
  Established in 2011. Members from grocery stores, gas stations, fast food restaurants etc.
Example of a successful technology procurement

• Development of energy efficient domestic tap water mixing valve.

• The winner of the procurement was Gustavsberg one of Sweden's most well known porcelain manufacturers.

• If changing to a energy efficient hot water taps, households could save up to 600 – 750 kWh per year, which is about a 20 percent reduction of the energy consumption for hot water.
Example of renovation from 210 to approximately 92 kWh/m² year
Example Belok total project
Pennfäktaren 11: Vasagatan 7, Stockholm

Before renovation: 287 kWh/m², år
After renovation: 124 kWh/m², år
Savings: 57 %
Thanks for your attention!

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Men det behövs en agent

- för att leda
- för att finansiera förstudier, provning etc
Restrictions in Sweden

• A maximum of 50% subsidy to the procurement
• The 50% subsidy is required for each step in the procurement.
• Never direct subsidies to the product developer, instead support to buyers
• Maximum 100 000 € funding per buyer